

State of Montana Information Technology Board

Minutes

September 8, 2016

10:00 a.m.

Capitol Building, RM 152

Members Present:

Sheila Hogan, DOA, Chair
Ron Baldwin, CIO/SITSD
Kenneth Bailey, OPI
Stuart Fuller, DPHHS
Kreh Germaine, DNRC

Mike Milburn, DOJ
Chris Mehl, Bozeman Commissioner
Galen Hollenbaugh, DLI (Alternate)
Susan Fox, LEG

Staff Present: Jennifer Schofield, Wendy Jackson

Guests Present: Becki Kolenberg, Linda Kirkland, Rich Olsen, Samantha Mongoven, Jason Pekovitch, Audrey Hinman, Lynne Pizzini, Kim Moog, Amber Godbout, James Schneider

Real-time Communication: Tami Gunlock, Jack Marks, Sean Rivera

Welcome and Introductions

Sheila Hogan welcomed the board to the September 8, 2016 ITB meeting. All members and guests were introduced.

Minutes

Galen Hollenbaugh made a motion to approve the August 2, 2016 minutes as presented. Stuart Fuller seconded the motion. Motion carried.

State CIO Update

Ron Baldwin discussed a phishing campaign that was performed in August, 2016. 736 emails were distributed. 25% of the recipients opened the email. Of those, only 13% clicked on the phishing link. This is an improvement from the 2014 campaign which saw a 50% click rate. October is Cyber Security Awareness month. Automated, online training is provided during this time to all state employees. Mr. Baldwin gave an update on Enterprise IT Convergence. Kick-off meetings have been held with several agencies and meetings are scheduled with several others. The Office of Public Instruction (OPI) has chosen to join the shared infrastructure to help increase efficiencies, reduce costs and gain technological innovation. The IT Convergence for OPI is 99% complete. The timeline to have Convergence complete is December, 2017.

Business

MT-Information Security Advisory Council (MT-ISAC) Update

Lynne Pizzini gave an update on MT-ISAC activities. MT-ISAC has been focused on state internal government security through various workgroups. In June, 2016 MT-ISAC approved the Disposal of Media Storage Devices Best Practice and the Large Cyber Incident Handling Best Practice. In July Jeanne Vold from NorthWestern Energy gave an overview of their security posture. MT-ISAC conducted a presentation on Data Loss Prevention in the Email System. There was a report on the Cyber Security Assessment Tool and adjustments are being made based on feedback from that pilot program. MT-ISAC also reviewed the Hardening of Devices Best Practices and reviewed the Acceptable Use and Traveling Abroad Tips Best Practices. The council approved the Workgroup Traveling Abroad Cyber Tips Best Practice. In August 2016, Sean Rivera reported on the SITSD privacy review that was conducted on agency websites per the State Administrators and Veterans Affairs Committee (SAVA) request to ensure compliance with the Privacy Code. 170 unique URLs were reviewed. There were approximately 29 findings of compliance issues. Of that, 16 were broken links and 13 were URLs that did not have a link. Mr. Rivera has contacted the affected agencies and requested remediation and response by September 30, 2016. MT-ISAC has formed two workgroups, the Legislative Workgroup and the Fostering Future Professionals Workgroup.

Q: Kim Moog: How does the Fostering Future Professionals Workgroup interrelate with the Apprenticeship Program at the Department of Labor DLI

A: Ms. Pizzini: DOL is on the list to be worked with in conjunction with the Fostering Future Professionals Workgroup.

Ms. Hogan suggested that the head of the Apprenticeship Program at the DLI would make a good addition the Fostering Future Professionals Workgroup.

eGOV Contract Overview

Linda Kirkland provided a high level overview of the Transaction Funded Electronic Government Services contract with Montana Interactive (MI). Ms. Kirkland summarized the provision of eGovernment services history. eGovernment services were created by the Montana Electronic Government Services act in 2001. A copy of this law can be found at <https://sitsd.mt.gov/Governance/Boards-and-Councils/ITB>. This law established the Electronic Government Advisory Council with a transfer to the Information Technology Board in 2015. The statute provides for a single point of entry for eGovernment services, which is ePass. The statute also allows for a convenience fee (or transaction fee) which private entities may collect in order to provide funding for the eGovernment services. Currently that is outsourced to Montana Interactive (MI). This contract has been renewed through December 21, 2017 with the option to renew through December 21, 2020. MI is a subsidiary of NIC Incorporated, which currently supports 30 other states in supplying eGovernment services. Ms. Kirkland gave a brief summary of the state and local participants that MI supports. She also explained the different funding models available including the Transaction Funded, Self-Funded, Time and Materials and Hybrid models. The types of bank electronic processing fees were discussed, as well as the services provided to the state through this contract. MI provides infrastructure including hardware, software, security, Payment Card Industry (PCI) compliance, financial reporting and reconciliation, service desk support, marketing assistance, and accounts receivable reporting for SABHRS. The revenue from the convenience fee is spent in various areas including re-investment into the State of Montana through infrastructure support, Helena based Help Desk services, Self-Funded services, and financial return to NIC corporate headquarters. The convenience fees are established through a negotiation between MI and the local government entity. Project ranking was established by the eGovernment Advisory Council which developed priority criteria. These criteria can be found at <https://sitsd.mt.gov/Governance/Boards-and-Councils/ITB>. MI personnel must follow all state laws, procedures, and policies, as well as participate in disaster recovery training in association with the state. MI software is housed within the State of Montana Data Centers.

Q: Kreh Germaine: Is ePass and the Payment Portal exclusive as provided by state law or because it's part of the contract?

A: Audrey Hinman further explained that the law requires a single point of entry into the state's network. eGov is the single point of entry to authenticate eGovernment services. There are two policies that require the use of ePass Montana and the state's Payment Processing Portal which is run by the DOA, supported by MI. The single point of entry is part of the Montana Electronic Government Services Act.

Q: Mr. Hollenbaugh: Is there anywhere we can see how much was made, how much was reinvested into the system and how much went was returned too corporate? This would aid in assessing the contract's worth and return on investment.

A: Ms. Kirkland: We do collect a high-level view of MI's financials as part of the contract which includes a third party independent audit on their financials. Our internal auditor does review this.

Ms. Hogan commented that if anyone is interested in viewing these financials, they are welcome to, provided that they sign a non-disclosure agreement.

Montana Interactive Update

Becki Kolenberg gave a status report on eGovernment. This report lists the cost savings to the State of Montana. It spans the life of this service. As of the second quarter of 2016, the life time cost savings are \$14.4M. The status report also reflects the various eGovernment partners and lists the activities that have occurred across the life of the service. MI provides over-the-counter payment solutions which meet the need in local government for payment processing. This allows for secure electronic payments. MI also provides shopping cart services which enable agencies to market merchandise for sale. There is a mobile event agenda service that allows agencies to go paperless for their mobile event, conferences, or training events. MI also provides On-The-Go Mobile Payment Solution which is a mobile based payment processor for a phone or tablet that can be used out in the field.

Ms. Kolenberg spoke about the value provided in the form of customer service. MI maintains a three-person customer service team in Helena which answer questions. This value also includes the PCI support, security measures, reconciliation, and financial reporting. The General Manager's Report includes a support matrix which illustrates the inquiries that are handled by the MI service team. In Q2 alone they handled over 10,000 inquiries. Year to date, there are over 20,000 customer inquiries.

Q: Chris Mehl: Could you tell me why it dropped by half between the second and third quarter of 2014.

A: Ms. Kolenberg: I believe that was due to improved metrics which resulted in increased accuracy of reporting and cyclical nature of many of the services.

Q: Mr. Mehl: 2016 is far and above what 2015 was, why do you think that is?

A: Ms. Kolenberg: It may be due to the increased amount of services that are being offered, as well as the addition of a third customer service member being added to the MI team which has enabled us to field more inquiries.

Ms. Kolenberg: we have also included a list of the services with the highest visits. ePass, unemployment insurance, and the convicted felon search are at the top of the list. These statistics are also listed according to devices and browsers. Mobile and tablet usage is climbing to nearly half of the usage. Desktop is still the majority. Chrome is the number one browser used to access the eGovernment services.

Ms. Kolenberg explained the eGovernment Activities by Funding Type document which summarizes the activities by funding type. It also provides a list of activities and services per those funding types. This document can be found at <http://sitsd.mt.gov/Governance/Boards-and-Councils/ITB>.

Ms. Kolenberg gave a quarterly General Managers Report. This includes the Executive Summary which speaks to the non-monetary and monetary transactions and web visits. It also talks about the statutory funds that are collected to date. The bulk of the statutory funds is the cost of vehicle registration, or a hunting license and the majority of that money that is remitted back to the state, county, or city entity. MI delivers quarterly financials to the DOA and it has been determined that a Non-Disclosure Agreement will be required to view those. That financial information includes a balance sheet, income statement, and reinvestment summary that gets calculated on a quarterly basis. We typically range around 70-80% that's reinvested different ways in this document) back into the state. If you would like to view this report, please reach out to Linda Kirkland at lkirkland@mt.gov. The reinvestment is in the form of the Helena based office, the MI support staff, and Self-Funded Services. The Reinvestment Summary is subject to the non-Disclosure Agreement, as well. The General Manager's Report also details the cost avoidance to the state, eGovernment activities achieved in Q2, 2016, and the overall life of the contract. Success of this model depends on the participation of key agencies and key services. The Department of Justice (DOJ) is the biggest funding mechanism for this model through sales of driving records, criminal background checks, vehicle registration, and temporary registration permits. Many of the county and city services cannot bring in enough transactions to pay for eGovernment services.

Q: Mr. Hollenbaugh: According to the Executive Summary, \$148M has been collected to date.

A: Ms. Kolenberg: Correct. The financial reports that we send DOA have significantly less money reflected. It's not based upon \$148M, 98% of that is remitted back to the State of Montana.

Q: Kenneth Bailey: When you say Self-Funded, you're saying that the citizens who use the service are paying a convenience fee?

A: Ms. Kolenberg: That depends on the agency that is offering the service. Self-Funded describes those services that have no transaction fee associated. These services are funded by the monies collected through the Transaction Based, Time and Materials, or Hybrid services.

Q: Mr. Bailey: The funding came from other Transaction Based programs so all of the funding is coming from the citizens who use the services?

A: Ms. Kolenberg: Correct.

Q: Stuart Fuller: For that \$148M that you reference in the report, does that include that Transaction Fees or is that just the e-charge?

A: Ms. Kolenberg: It reflects all of it.

Q: Mr. Germaine: Is the 70-80% reinvestment referring to the Transaction Based collections helping to fund the Self-Funded?

A: Ms. Kolenberg: It is all combined. The reinvestment goes back into the Self-Funded Services, overall operations and security measures.

Q: Mr. Germaine: If I buy \$220 worth of licenses for Fish Wildlife and Parks (FWP), does all of that go to FWP, does a piece of that help fund others, or is it the Convenience Fee and Transaction Fee addition to the \$220?

A: Ms. Kolenberg: it is added on top of the \$220. If they pay \$225 dollars, \$220 dollars would go back to FWP, \$1 goes back into the Self-Funded model, and the rest of that is typically the processing fees.

Q: Mr. Germaine: Does MI's profit come out of the processing fee or the convenience fee?

A: Ms. Kolenberg: The one dollar goes to MI.

Q: Mr. Germaine: and then 70-80% of that one dollar is reinvested in the Self-Funded services?

A: Ms. Kolenberg: We do not break it down per dollar. The reinvestment shows that, over all money collected 80% is reinvested back in.

Q: Mr. Germaine: If MI collected \$3.4M then 80% of that is reinvested back?

A: Ms. Kolenberg: Correct. The transaction fee can vary.

Mr. Germaine expressed concern that the citizen may feel that the government is taxing for the development of the site when taxes have already been paid.

Ms. Kolenberg explained services are accompanied by language explaining that the added fee on top of the state, county, or city fee goes to a third party entity built to support and develop the online services.

Mr. Bailey advised that it would be helpful if MI included the amount of transaction fees that are collected in their report to the board.

Mr. Germaine expressed the difficulty of justifying the return on investment for this contract without financial numbers. ITB, when considering if this contract should be continued, needs financial results to support that recommendation.

Ms. Hogan offered to facilitate a non-disclosure agreement so that the members of the group could review MI's financials. This can be done for the eGovernment workgroup as well.

Mr. Germaine agreed that the eGovernment workgroup needs to review MI's financials to justify the continuation of the partnership and to determine if this is the appropriate eGovernment solution for Montana.

Mr. Baldwin commented that ITMC has formed a committee to focus specifically on eGovernment re-procurement and what that should look like. The committee will begin collecting requirements and reviewing potential models. ITB needs to be as informed as possible to help provide input and guidance in shaping the re-procurement. Mr. Baldwin stated that he has talked to many other CIOs who have offered to share their experience with their NIC contracts. The CIO for the State of Oklahoma has offered to bring that information here and share it with us. That information will be presented to the workgroup. Because of the essential services eGovernment provides to the citizens of Montana, there is an obligation to see that these services continue.

Q: Susan Fox: Mr. Baldwin, I would ask that you consider including in your workgroup agency individuals that administer these services. On a customer support level, perhaps we could ask for some further metrics concerning the nature of service desk questions and issues.

A: Mr. Baldwin: This workgroup will gather the requirements that shape the Request for Proposal (RFP) that goes out and part of gathering the requirements is reaching out to the key stakeholders. This will include public forums of constituents and users to give us some recommendations for what they would like to see in the future. I will ensure that the workgroup considers that broad input.

Ms. Fox: Many local governments will not be able to afford the service themselves. There is a value to local governments and the public that might require a different, more transparent model going forward.

Information Technology Managers Council (ITMC) Update

Kim Moog reviewed the activities of the latest Enterprise Information Technology Financial Workgroup (EITFW) (spell out) and ITMC meetings which included a review and discussion of Volume 10. There is a concentrated effort by agencies to make sure they understand what is involved in Volume 10 and to ensure that they are displaying the correct amount of information. EITFW will convene on September 13, 2016 to continue their review of Volume 10 and to ensure that the information is presented and compared in a uniform manner across agencies.

Lynne Pizzini gave an update on Multiple Device Management (MDM) solution that is being implemented. There are approximately 1,000 devices enrolled in AirWatch and approximately 500 devices that still need to be enrolled. There is a deadline of September 30, 2016 for agencies to migrate all of their devices. Ms. Pizzini also gave a report on Voice Over IP (VOIP). The five-year IT infrastructure plan has identified the need for a telephone system upgrade. A customer survey was conducted and input received regarding phone system requirements. The best system available is Avaya Red. Funding is needed to implement this solution

statewide. ITMC is hoping to secure this funding through the next Legislative Session. All of the features of this new phone system will integrate with desktops.

Ms. Pizzini gave a brief overview of Network upgrades. Several upgrades have been completed to the core and internet environment. These included internet upgrades and core network upgrades between Helena and Miles City to ensure redundancy. Several upgrades have been completed with remote sites to enable more interactive abilities. Mr. Fuller commented that the result of these upgrades has been significantly improved Bandwidth for the same price (or less) due to good negotiations with our carriers.

Community Broadband Infrastructure

Chris Mehl requested for the board to consider and make recommendations concerning Community Broadband Infrastructure in the December, 2016 ITB meeting. The Community of Bozeman has established a not-for-profit (or non-profit) to implement fiber. The cost and time of installing the broadband conduit is an exceedingly high up-front cost. The Montana Department of Transportation (MDT) guards its right-of-way very tightly and it is very difficult to secure longitude right-of-way. Mr. Mehl put forward three requests for the board to consider including; a recommendation that the Governor instruct MDT to facilitate understanding of how right-of-way might be expanded to enable the establishment of Broadband Infrastructure, to define infrastructure to include conduit and broadband in general, and to urge the continuance of local governments to work to institute a fiber network.

Mr. Bailey commented that there is a workgroup within the governor's office that is looking at the issue of extending broadband to communities in Montana. He recommended that is group be involved in this request and invited to participate.

Ms. Hogan stated that she would be glad to speak with the Chair of that workgroup.

Mr. Baldwin: there is considerable precedent for boards, councils, and workgroups to draft plans for operations and make recommendations to the Governor's Office. Mr. Baldwin supported drafting a recommendation for the board to consider and to move forward to the Governor's Office for the next session.

Action Item: CIO support Staff will draft this request for the board's consideration a month prior to the December meeting to allow for through review.

2016 Montana IT Conference

Jennifer Schofield gave a brief update on the 2016 Government Information Technology Conference that will be happening December 12-18, 2016. It will be located at the Radisson Hotel (formally the Red Lion). The ITB meeting will be held during that conference on December 13, 2016 in the Radisson hotel at the Natatorium Room. Vendor registration will close September 29, 2016. This is done on a first come first served basis so if there are any vendors that would like to sign up as a sponsor or for a booth, they need to contact Amber Conger at or Jennifer Schofield at ITConference@MT.Gov. Attendee registration will go live on September 15, 2016. Email notifications will be sent out. Please visit ITConference.MT.Gov for more information and reach out to Ms. Conger or Ms. Schofield with any questions.

Adjournment

Next Meeting

Thursday, December 13, 2016

Location: Radisson Hotel, Helena MT

Member Forum

Q: Ms. Fox: Legislative Council did not instruct me to put anything in House Bill 10 at this time. This will probably happen in January. To that end, do you have an estimate on what you are looking at for the Long-Range IT Bill yet?

A: Mr. Baldwin: No, we have collected information and requests from different agencies, all of those requests will not make it through but the Budget Office is not prepared to have that discussion yet.

Q: Ms. Fox: Can you provide a summary of the requests that you will be pursuing for next year at the December meeting?

A: Mr. Baldwin: Yes, that would be an excellent topic for discussion at the next meeting. We should include discussions on Volume 9 and Volume 10 in the next meeting.

Action Item: Volume 9 and 10 will be placed on the December, 2016 ITB agenda.

Action Item: The Deputy Budget Officer will be invited the December, 2016 ITB meeting to discuss these issues.

Action Item: Future agenda items for the next meeting should also include Legislation, eGovernment Workgroup progress update.

Public Comment

None

Adjourn

The meeting was adjourned at 12:09 PM.